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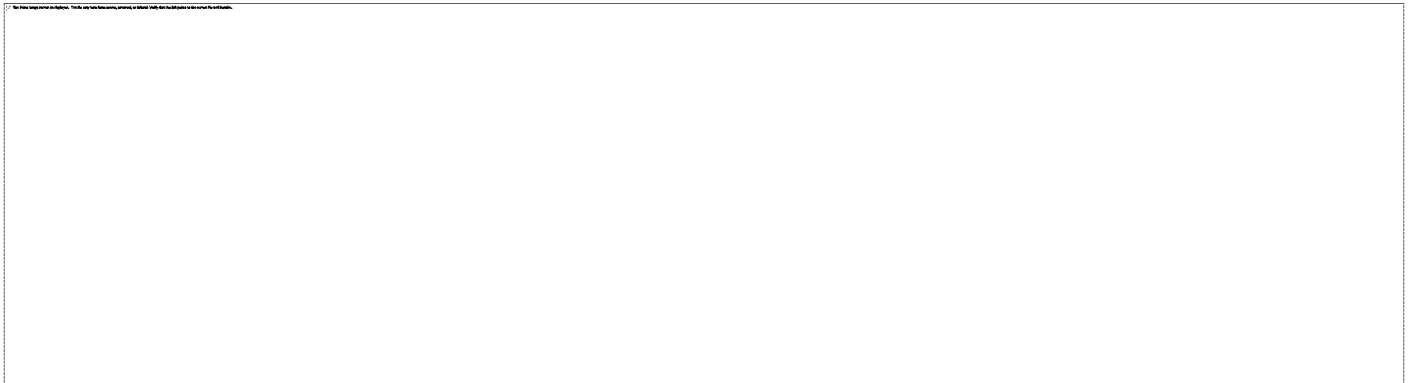
**From:** Nancy Kruger [nkruger@4cleanair.org]  
**Sent:** 9/17/2019 6:45:54 PM  
**To:** Charmley, William [charmley.william@epa.gov]  
**Subject:** Fwd: Administrator Wheeler Addresses National Automobile Dealers Association

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Begin forwarded message:

**From:** "Office of Public Engagement" <[noreply@cision.com](mailto:noreply@cision.com)>  
**Date:** September 17, 2019 at 2:09:34 PM EDT  
**To:** [nkruger@4cleanair.org](mailto:nkruger@4cleanair.org)  
**Subject:** Administrator Wheeler Addresses National Automobile Dealers Association  
**Reply-To:** [noreply@cision.com](mailto:noreply@cision.com)



## Administrator Wheeler Addresses National Automobile Dealers Association

WASHINGTON (September 17, 2019) — This morning, EPA Administrator Andrew Wheeler addressed the National Automobile Dealers Association. Below are his remarks as prepared for delivery:

"Good morning, it's a pleasure to be here today. I want to thank Peter Welch and Andy Koblenz for the opportunity to be here and to speak to you today.

In the very near future, the Trump Administration will begin taking the steps necessary to establish one set of national fuel-economy standards. I think it's important to explain to you what we're doing and why, because there will be a lot of misinformation in the press.

Let's set the stage first because context and history are essential for this issue.

Only weeks before President Trump took office, the outgoing administration rushed through the Midterm Evaluation nearly a year and a half before it was due.

One of the first things we did was to reexamine the midterm evaluation. When we took another look at the MTE, we came at it from the mindset that there's a point where efficiency and emissions gains come at the expense of other important factors, like human safety. We also realized the previous administration made assumptions about consumer demand and other factors – like the price of gasoline – that were wrong.

It's no secret that the approach behind the current standards focused almost exclusively on energy efficiency and carbon dioxide reductions. Our proposed SAFE rule reflects what we believe is the right approach – right for public safety and the environment. I will give four reasons why.

First, revising the standards will reduce the price of new vehicles.

The average sticker price of a new vehicle reached \$39,500 in the first half of 2019 – this is simply out of reach for many American families.

The current trajectory of the standards is one of the factors driving costs higher. In order to comply with the Obama standards, auto makers need to sell many more electric vehicles. By some counts, they will need to produce lineups that are 50 percent electric or more over the next seven years.

However, electric cars cost \$12,000 more to make than the average vehicle, according to a McKinsey analysis. Those costs are passed on to consumers. Which is one reason why electric vehicles are still – despite billions of dollars in subsidies – less than 2 percent of new vehicle sales.

There is also some research that shows that nearly half of consumers who purchase an electric car do not buy another because of challenges with range and recharge times. But one way for auto makers to meet the standards is to lower the price of electric vehicles and raise the price of other, more popular vehicles, such as SUVs and trucks.

In other words, American families are paying more for SUVs and trucks so automakers can sell EVs at a cheaper price.

It's one thing for the American public to directly subsidize electric vehicles through tax incentives. It's another thing to use the nation's vehicle emissions standards to prop up a product that has minimal impacts on the environment and only the wealthy can afford.

Of the roughly 57,000 households that received the EV tax credit in 2016, nearly 80 percent had at least a six-figure income. If these people want to buy an EV, I think they can afford one, without asking low- and middle-income Americans to help pay for it.

Compared to keeping the 2012 standards in place, the preferred option in our SAFE proposal would reduce the price of new vehicles by thousands of dollars.

Which leads directly to my second point: revising the standards and reducing the price of new vehicles will save lives.

Research shows that passengers are more likely to be killed in older vehicles compared to newer ones.

According to a NHTSA study, a driver of a vehicle that is 8 to 11 years old is nearly 20 percent more likely to be fatally injured than the driver of a vehicle that was 3 years old or less. A driver of a vehicle 12 to 14 years old is 32 percent more likely, and a driver of a vehicle 15 to 17 years old is 50 percent more likely to be fatally injured.

By revising the standards and reducing the price of new vehicles, we will help more Americans purchase newer and safer cars and trucks. In 2016 and 2017 – the two most recent years of data, more than 37,000 lives were lost on our roads. We estimate that our proposed revised standards in the SAFE rule could save hundreds of lives annually.

Third, we are revising the standards in a manner that will have a negligible impact on the environment compared to the current standards.

Here are two facts you will probably not get from the mainstream press.

First, even the most stringent vehicle standards imaginable will have only a minimal impact on global temperatures.

According to the Obama EPA's 2012 analysis, even a much more stringent version of their rule than the one that they eventually finalized would have only lowered global temperatures by two-one hundredths of a degree Celsius by 2100.

So it's important to put things in context. We're talking about changes in the hundredths of a degree Celsius, in 2100, under a more aggressive scenario than what the previous administration actually finalized.

Here's the second fact: Most automakers cannot comply with the trajectory of the current standards.

For Model Year 2016 (the most recent data available), domestic passenger vehicle manufacturers paid more than \$77 million dollars for noncompliance with DOT's CAFE standards.

And in Model Year 2017, most large manufacturers used banked credits, along with technology improvements, to maintain compliance with EPA's greenhouse gas standards.

Only three large manufacturers complied based on the technology levels of their vehicles alone.

While the compliance penalty data for 2017 and 2018 is not yet available, the most recent DOT data on surplus credits and the magnitude of the shortfall between the fleet and CAFE compliance suggest that this figure may rise dramatically due to the increasing stringency of the Obama standards. For example, the total shortfall in CAFE credits for model year 2018 is the equivalent of almost \$1.3 BILLION dollars, more than 10 times higher than the equivalent shortfall for model year 2011 (just over \$100 million).

This begs the question: Why keep standards that automakers can only comply with through credits and fees? We believe that changes are needed, and the SAFE proposal set forth our view of what changes are appropriate.

And because our rule would remove certain credits and fees, our standards would have a negligible impact on the environment compared to the current standards.

Fourth, and finally, revising the standards will help more Americans purchase newer, cleaner, and safer cars.

The average age of vehicles on the road today is at a record high 12 years. In 1990, the average age was eight years.

Either consumers cannot afford the price of new vehicles or they are not interested in purchasing certain types of new vehicles. Either way, the lack of fleet turnover creates a host of problems – the most important of which is passenger safety.

By revising the standards, we will reduce the price of new vehicles. And as prices fall, more Americans will be able to purchase newer, cleaner, and safer cars. Promoting and accelerating fleet turnover is good for the auto industry, good for consumers, and good for public safety.

Before I close, I'd like to set the record straight on California.

Our goal from the beginning was a 50-state solution. I met with CARB three times since taking the helm of EPA over a year ago. But despite our best efforts, we could not reach a solution and decided to end discussions.

We embrace federalism and the role of the states, but federalism does not mean that one state can dictate standards for the nation.

To borrow from Louisiana Attorney General Jeff Landry, CAFE does not stand for California Assumes Federal Empowerment.

So we will be moving forward with one national standard very soon. We will be taking joint action with the Department of Transportation to bring clarity to the proper – and improper – scope and use of the Clean Air Act preemption waiver.

Our actions will not impact California's health-based standards and programs. California will be able to keep in place and enforce programs to address smog and other forms of air pollution caused by motor vehicles. This will allow the State to redouble its efforts to address its air quality problems and finally achieve compliance with EPA's National Ambient Air Quality Standards.

One national standard will provide much-needed regulatory certainty to auto makers, dealers, and consumers.

And it sets the stage for our final SAFE rule that will reduce the price of new cars and trucks and get more Americans into newer, cleaner, and safer vehicles – vehicles they actually want to purchase.

Thank you for your time and for your attention."

